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GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM MEMBER HANDBOOK

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Preface

This *Game Wardens' and Peace Officers' Retirement System Member Handbook* is a general summary of the benefits provided by the Montana Game Wardens' and Peace Officers' Retirement System (GWPORS). It is intended to give you a general idea of your benefits and to acquaint you with the GWPORS. Every effort has been made to ensure the contents agree with the law and rules. The law and its interpretation can change, so this handbook may be out-of-date a few years after it is published. This handbook is not a final source of the law and rules. IT SHOULD NOT BE TAKEN AS FINAL LEGAL AUTHORITY. Information in this handbook is based on 1999 law. Benefits are based on the law in effect at the time of your termination from employment; thus, some information found here may not apply in specific cases. If this handbook differs with law or rules as the Board interprets them, the law or rules will apply. This handbook replaces all previous GWPORS member handbooks.

Montana Code

The law governing the GWPORS may be found in Title 19, Chapters 2 and 8, Montana Code Annotated (MCA). MCA is available on line at: www.state.mt.us/leg/branch/laws.htm

References to the pertinent sections of MCA and Administrative Rules of Montana (ARM) are provided in parenthesis throughout this publication.

Introduction

Retirement Security for our Members Since 1963

The Game Wardens' and Peace Officers' Retirement System (GWPORS) is a public pension plan for Montana game wardens and peace officers. In 1963, the Legislature created the GWPORS to grant a retirement, disability, or death benefit to plan members and their beneficiaries. As of June 30, 1999, membership of the GWPORS consisted of the following:

GWPORS Membership

Number of participating employers	8
Active plan members	388
Inactive plan members entitled to but not yet receiving benefits or a refund:	
Vested	3
Non-vested	43
Retirees and beneficiaries receiving benefits:	
Service Retirements	74
Disability Retirements	2
Survivor Benefits	4

The Public Employees' Retirement Board (PERB) is an independent, seven-member board, appointed by the Governor to administer the GWPORS and seven other retirement systems. The Public Employees' Retirement Board staff does the day-to-day work. This handbook uses the terms "we," "us," the PERB, and Board interchangeably.

Money that you pay into the GWPORS earns interest and helps pay for your benefit. At the PERB, we keep track of your money in your own account, and credit your account with interest. We combine the funds from all accounts in a trust fund, which the Board of Investments invests. Income earned from investing the trust fund goes back into the fund. Only the Board may authorize payment from the trust fund.

Current law limits payments to benefits and refunds for members or their survivors. In addition, the Board must pay administrative expenses from the investment earnings. (§19-2-408 and 19-2-505, MCA)

Every two years, an actuary must rate the trust fund's capability to pay the benefits earned by members. Based on the fund's strength and the actuary's advice, the Board may initiate increases in benefits. Benefits are set by law, and only the Legislature may change them. Before each legislative session, the Board will review the sufficiency of the benefits and advise the Legislature. (§19-2-405, MCA)

GWPORS is a defined benefit retirement system. The benefits you receive are based on your years of service and your final average salary rather than the amount of money you contribute and the interest which accrues to your account

Section I: Membership

Membership is mandatory for state game wardens and for state peace officers not eligible to join the Sheriffs' or Highway Patrol Officers' Retirement Systems. Information on exceptions to this is provided in this section under optional membership. (§ 19-8-301, MCA)

1. Membership Enrollment

Except as noted under Optional Membership on the next page, membership enrollment is required for all GWPORS-covered jobs. You become a member by filling out a membership card. We file your membership card in your file. The information on it is important for us to administer your retirement.

Membership

The following state peace officers must become members of the GWPORS: (§ 19-8-301, MCA)

- ❑ Game wardens assigned to law enforcement in the Department of Fish, Wildlife and Parks;
- ❑ Motor carrier officers employed by the Department of Transportation;
- ❑ Campus security officers employed by the University System;
- ❑ Wardens, deputy wardens, corrections officers, drill instructors, and probation and parole officers employed by the Department of Corrections;
- ❑ Stock inspectors and detectives employed by the Department of Livestock; and
- ❑ Motor vehicle inspectors employed by the Department of Justice.

Membership Cards

New employees must complete a membership card upon starting work in a new job covered by the GWPORS. Your payroll clerk should provide you with this card on your first day of work. Complete the card and return it to the clerk who will send it to us. Membership may not be discontinued as long as you are employed in a position covered by the GWPORS.

The PERB will not pay a benefit or refund unless you have a membership card on file with us. A membership card is a vital record; you must keep it up-to-date. Update the card whenever any of the information on the card changes. To update your information, complete a new card and give it to your payroll clerk. The payroll clerk must send it to us. Marriage, divorce, births of children, and death of a beneficiary are reasons to update your card. (§ 19-2-801, MCA and ARM 2.43.402)

Optional Membership

A member of the GWPORS who transfers to a position other than law enforcement with the same state agency may elect to retain membership in the GWPORS. Also, a member of the Public Employees' Retirement System (PERS) transferring to a GWPORS-covered position may elect to become a member of the GWPORS or may elect to continue membership in the PERS. The member must inform the Board **in writing** of their intended election within 30 days after transfer to the new position. (§ 19-8-302, MCA)

2. Contributions

Contributions to the GWPORS come from you and your employer. The following is an explanation of contributions to the GWPORS and what is expected of you and your employer.

Member Contributions

All members must pay part of their gross pay to the GWPORS. The current contribution rate is 8.5%. Your employer will withhold this money from your gross pay and send it to us. We will credit your contribution to your individual account. (§ 19-8-502, MCA)

Interest: Your GWPORS account earns interest and we add it to your account each month. Currently, the interest rate is 5%, compounded annually. Each year the Board sets the rate based on trends and interest rates earned by short term U.S. Treasury notes and bills.

The interest credited to your account will not affect the amount of your monthly retirement benefit. If you end your GWPORS-covered employment and leave your money on account, it will continue to collect interest.

Tax-Deferred: Since July 1985, the money you contribute to the GWPORS is tax-deferred. The interest your account earns has always been tax-deferred. This means you don't pay state and federal taxes until you receive the money as a benefit or refund. Any money you paid to the GWPORS before July 1985 was taxed. In other words, you paid the taxes before you paid the money to the GWPORS. If you have taxed money in your account then part of your refund or monthly benefit will be tax exempt.

Purchase of Service: If you are purchasing refunded service and other types of optional service, you may contribute amounts beyond your regular contributions. These additional payments are now tax-deferred if you authorize payment by payroll deduction contract. If these contributions are not made through payroll deduction, they are not tax-deferred. You will receive interest on service purchase payments at the same rate you receive for your regular contributions. All interest paid to a member's account is tax-deferred. (§19-2-704, MCA)

Employer Contributions

Your employer also contributes to the trust fund. Each month employers contribute 9% of their total GWPORS-covered payroll to the pension trust fund. Employer contributions are not refundable and provide "pooled" funds for retirement, disability, and death benefits. (§ 19-8-504, MCA)

Refund of Contributions

Vested members who end GWPORS-covered employment may leave their money on account; it will continue to earn interest. They may also receive a refund of the money in their account. To request a refund, you must complete an application, which your employer will supply. The application has two parts; one for the member, and one for the employer. You must complete the member section, then give it to your employer. Your employer will complete the application and send it to us. If you have been inactive for more than 3 months, you should contact us directly to apply for a refund. (§19-2-602, MCA)

When you receive a refund, you are no longer a member of GWPORS. You will have no right to any form of GWPORS benefit.

Processing Refund: We cannot process your refund before your employer sends us the application and the final payroll information. This process may take 6 to 8 weeks from the date you get your last paycheck. Extending your last day of work into a new pay period or month may increase the processing time.

If, after receiving a refund, you accept a GWPORS-covered job, you will again become a member. We will consider you a new member without credit for the refunded service. You may purchase the refunded service to reinstate it for credit. For more details see Purchase of Service, on page 14. (§19-2-603, MCA)

If you are not a vested member (less than 5 years of membership service) and you have less than $200 in accumulated contributions, you must receive a lump sum refund. If you have $200 to $5,000 in accumulated contributions, you will receive a lump sum refund of accumulated contributions unless you make a written application to have your eligible contributions rolled over to a qualified retirement plan as allowed under the Internal Revenue Code. [§ 19-2-602 and 19- 8-301(3); ARM 2.43.406]

NOTE:
If you receive your refund directly, the IRS requires us to withhold 20% for tax purposes. The IRS may also charge you an additional 10% penalty for early withdrawal. For more information, see Taxes on Refunds, on page 34.

3. Service

The amount of time you work and contribute to the GWPORS affects the amount of your retirement benefit. The monthly benefit you receive will depend on the number of years you work in a GWPORS-covered job, whether you work full- or part-time, and your purchase of additional service.

Membership Service

We use membership service to decide if you are eligible for vesting, retirement, or other benefits. You vest after you accrue five years of membership service. Once vested, you are entitled to benefits if otherwise eligible. If not vested, you may only receive a refund of your account. You earn membership service for all periods of service during which you make contributions to the system, whatever the hours you work or the pay you receive.

Eligible members may purchase service that will count as membership service. (See Purchase of Service, on page 14.) Retirees and working retirees may not earn membership service, nor may they buy service. Your total retirement membership service may not match service for other employee benefits, such as the rate at which you earn annual leave. Service for different benefits may vary because the laws and rules that apply are different. (§19-2-303, 19-2-702, MCA)

Service Credit

Your service credit affects the amount of your retirement benefit. You earn one month service credit for each month of full-time service. Full-time service means your employer paid you for at least 160 hours of work during that month. You will not get credit for more than one month even if you work more than 160 hours during a month. If you work less than 160 hours during any month, you will receive proportional service credit. For example, if you worked 80 hours during a given month, you would earn 0.5 months

of service credit. However, for that same month you will earn one month of membership service. (§19-2-701, MCA)

Part-time Service

Upon retirement, the PERB will adjust either your service credit or Final Average Salary (FAS) if you work part-time. We will adjust one or the other to prevent a double reduction of your benefit. If you retire with a full-time salary, then we will not adjust your part-time service credits to calculate your benefit. You will not see the adjustment until retirement.

Personal Statement

Each August the PERB will send you a statement with information concerning your retirement account. Carefully review the statement to verify that all the information is correct. If you have corrections or changes to any of the personal information or questions concerning account information as it appears in your statement, please submit them directly to the PERB in writing.

If you have part-time service, the total service reported on your statement may seem wrong. The service reflects the service reported by your employer. When your employer reports you worked less than 160 hours, the system gives you less than one month of service credit. As noted above, we will make adjustments for part-time service when you retire. We adjust your service to prevent a double reduction of your benefit for part-time service. However, if you work full-time somewhere else, then your Final Average Salary (FAS) may be based on that full-time service. When your FAS is based on full-time service, we don't adjust your part-time service.

NOTE:
We will correct mistakes in your account or service when we identify them, or at least before your benefit is final. Mistakes will not bind the PERB to pay a benefit for which you are not eligible. If you think the service credit on your statement is wrong, please inform us in writing, providing specific information including your current address.

Purchase of Service

Eligible members may purchase various types of retirement service. Contact us for complete details about your eligibility. **A written request to initiate the cost statement is required.** More detailed information on the steps to take to request your cost statement, payment for purchase, and the types of service which may be qualified follows.

Request a Cost Statement: To purchase service, you must receive a cost statement. You must first write to us and provide the following information: your full name (including any former names), a current address, Social Security Number, and the type of service you wish to buy. You should also send us any documents that relate to the service. Your former employer can usually provide you copies of relevant documents. We will review the request and send you a cost statement for buying any service for which you are eligible.

You must pay the lump-sum cost or start monthly payments within 30 days. After 30 days, the cost statement is not valid and you must contact us for an updated cost statement. Only the PERB can give you a cost statement. A cost statement from any other source may not be used.

Payment for Purchase: You may pay for a service purchase in one lump-sum, or you may make monthly payments. Active members can make monthly payments by tax-deferred payroll deduction. We will track your monthly payments in an additional contribution account until you complete a service purchase contract.

Then we will transfer the money to your regular account and credit your account with the service.

Inactive vested members, members not paid monthly, or members who wish to self-pay, may send payments directly to the PERB. (These payments are not tax deferred.) If you fail to make a regular monthly payment, you give up the right to make any more payments. Your service purchase will be prorated. (§ 19-2-704, MCA)

Vested members may purchase most types of service at any time before retirement. Be aware that any delay may increase the cost because of added interest or higher salaries. Members must complete all service purchases before they retire.

Types of Service Which May Be Qualified:

1. **Refund**: If you received a refund for previous service, you may buy this refunded service. Refunded service means you terminated your job, and the PERB paid you the contributions and interest in your account. To buy the refund, you must repay the contributions and interest you received as a refund. You must also pay the interest the refund would have earned if you had left it on deposit. (§ 19-2-602, MCA, and ARM 2.43.420 and 2.43.422)

2. **Montana Public Service**: Members may also purchase service refunded from other Montana statewide retirement systems administered by the PERB. If the member is an inactive member of another system, the service and contributions may be transferred directly into the GWPORS. (§ 19-8-902, MCA; ARM 2.43.420, 2.43.422, and 2.43.430)

3. **Other Montana Public Service**: A member may purchase service credit for other full-time public service performed for the state or a political subdivision, if the service is not credited in any other retirement system. (§ 19-8-902, MCA)

4. **Employment in United States Government:** A member assigned to a federal agency under the Intergovernmental Personnel Act of 1970 may qualify the federal employment in the GWPORS. This service can be qualified if the member has accumulated at least 5 years of membership service and returns to full-time service in a GWPORS-covered position for at least 1 year after completing employment with the federal agency. (§ 19-8-903, MCA)

The member may elect to continue making contributions to the GWPORS while assigned to the federal agency or may pay an amount equal to the normal employer and employee contributions plus interest within 2 years after returning to active state peace officer status.

5. **Military:** You may buy up to 5 years of active military service, if you have at least 15 years of membership service. A member may purchase 1 year of military service for each year of GWPORS service credit in excess of 15 years (e.g., a member with 16 years and 7 months of service credit may purchase up to 1 year and 7 months of military service). Normally, if you will receive a retirement from the military, you may not buy that military service. (§19-8-901, MCA; ARM 2.43.437)

6. **Additional Service ("1-for-5") Purchase:** For each 5-year period of membership service, you may buy 1 year of additional service. You may buy no more than 5 years of additional service. Members eligible to buy 1 year may buy less than a full year.

Additional service is not membership service and it cannot make you eligible to retire or to purchase other types of service. We will include all service credit when calculating the amount of your service retirement benefit. (§ 19-8-904, MCA)

7. **Absence Due to Illness or Injury:** Time that a member is absent from work due to a work-related injury or illness is considered membership service. To qualify, the illness or injury must be work-related. The purchase amount may not exceed 5 years. Upon

return to work, the employee and employer must file a written application to buy the absence. The PERB must decide the injury was work-related within one year of the member's return to work. If the member pays the contributions and interest, the absence will also count as service credit. Members lose the right to contribute for the absence if they received a refund of their account during the absence. (§ 19-8-905, MCA)

Limitations: There are some limitations to purchase of service. Current law limits your purchase of military, additional service, and U.S. Government service to a combined total of 5 years. For example, suppose you had 15 years of state service, 2 years of military service, and 3 years with the U.S. Government. Without any limit, you would be eligible to buy 8 years of service: 3 years of additional, 2 years of military, and 3 years of the U.S. Government. However, current law limits you to only 5 years, but it can be any combination of the above service. (§ 19-8-904)

Section II: Benefits

To receive retirement benefits under the GWPORS defined benefit plan, you must fulfill certain age and service requirements. Retirement benefits are payable directly to you. Benefit options which you may choose at retirement also provide for a continued survivor benefit. This section explains how to qualify for retirement, the payment options available, how to calculate your benefits, and sample calculations for benefit options.

1. Qualifying for Benefits

Vesting

When you complete five years of membership service (explained on page 12), you become a vested member. Once vested, the PERB guarantees you a retirement benefit after you reach the minimum age or service requirement.

Active Members

Remember . . .
Once you withdraw the money from your account, your membership ends. You lose your right to any benefits from the GWPORS.

You are an active member if you are in a GWPORS-covered job and making the required contributions to the system. If you are a vested active member, you may terminate GWPORS-covered employment and leave your contributions in the GWPORS. You can apply for a monthly retirement benefit when you are at least age 55. You could also take a refund of your account, rather than a retirement benefit. When you withdraw your account, you give up all vesting rights. In other words, once you cash your refund check, you are not eligible for a monthly retirement benefit. (§ 19-2-602, MCA, and ARM 2.43.603)

Inactive Vested Members

A member does not need to be an active member to be vested. If you are vested, you become an inactive vested member when you end GWPORS-covered employment and do not withdraw your GWPORS account. Inactive vested members may buy any service for which they are eligible. Inactive vested members may apply for retirement after they meet the minimum age and/or service requirement. You give up your vested right to retirement benefits by terminating your GWPORS-covered employment and taking a refund of your account. [§ 19-8-301(2), MCA]

Non-Vested Members

If you terminate your GWPORS-covered employment before you vest, you may not continue to buy service. You will not be eligible for a retirement benefit. However, you are eligible for a refund of the money in your account. The GWPORS will pay you interest until you receive the refund. See page 11 regarding refunds for non-vested members. [§ 19-8-301(3), MCA]

General

You will receive your retirement benefit for life. We will not reduce your benefit by amounts that you receive from other retirement programs, such as Social Security. Upon your death, if you select Option 2 or 3, your contingent annuitant will receive a benefit for life. Section III explains payment options.

2. Service Retirement

GWPORS members are eligible to receive benefits upon meeting certain requirements. The GWPORS defined benefit plan provides benefits for members as outlined on the following pages.

Normal Service Retirement

You are eligible for service retirement benefits when you complete 20 years of membership service and reach the age of 50. As stated earlier, the GWPORS is a defined benefit plan. Defined benefit plans use a set or defined formula to calculate your benefit. The GWPORS retirement benefit is based on your highest consecutive 36 months of salary. (§19-8-101(2) and 19-8-601, MCA)

The basic formula for a monthly service retirement in the GWPORS is: (§ 19-8-603, MCA)

2% x years of Service Credit x Final Average Salary (FAS)

An explanation of the factors follows:
(A) Your years of service credit is the amount of full time service you earned (see page 12).
(B) 2% (.02) is a factor that determines how much of your FAS you get for each year of service credit.
(C) FAS is the average of your highest consecutive 36 months of salary. Add your highest consecutive 36 months of salary and divide by 36 to get the average monthly salary.

Use these factors to quickly estimate your monthly benefit:

(A) Years of Service Credit		_____
(B) Factor (percentage)	x	.02
(C) FAS (monthly)	x	_____
Monthly Benefit	=	_____

Sample from page 28.		
(A)		26
(B)	x	.02
(C)	x	$2,500
	=	$1,300

Early Service Retirement

If you terminate your GWPORS-covered employment after completing 5 years of service, but before reaching retirement age, you may file a written application with us to be paid a retirement benefit when you reach age 55. The benefit will be calculated using the normal service retirement benefit formula: (§ 19-8-604, MCA)

2% x years of Service Credit x FAS

3. Disability Retirement

A member suffering a total disability, which is of permanent (or extended and uncertain) duration, is eligible for a disability retirement. Disability is defined as the total physical or mental incapacity to perform the essential elements of the member's employment. The disability need not be work-related, but must occur while you are an active member.

Disability Benefit

A member who is disabled as a direct result of service, in the line of duty, and with at least 5 years of membership service, will receive a disability retirement benefit. The benefit is equal to one-half the member's FAS. An active member who is disabled, but not in the line of duty, will receive a disability retirement benefit. This benefit is based on the actuarial equivalent of the accrued service retirement benefit when the disability occurred. (§ 19-8-701, MCA)

Disability Reviews

The Board may review the medical condition of any member receiving a disability. Periodic reviews are performed to decide if the member still qualifies for disability retirement. (§ 19-8-712, MCA)

Disability Benefit Cancellation

The Board will cancel a member's disability retirement in the following cases: (§ 19-8-712, MCA)

- ❑ The member is no longer totally disabled and can return to the employment formerly held by the member; or
- ❑ The member refuses to submit the results of a current medical exam for review.

Contact us for complete details about disability benefits and how to apply.

Section III: Payment Options

When you retire, you must select a benefit payment option. Currently, the GWPORS offers four benefit payment options. Some options provide for another person to receive your benefit after your death. That person is your "contingent annuitant."

If you are married, your spouse must witness your choice of payment option and sign the retirement application.

This section provides information on each option, a table to help you calculate your benefit, and some sample calculations.

1. OPTION 1

Option 1 provides the largest monthly benefit amount you may choose. Option 1 is also the basis for all other options. The benefit is computed using the defined benefit formula (see page 20). Members who choose Option 1 will receive the benefit for life. Upon the member's death, the designated beneficiary will receive any balance left in the member's account. That account balance is the amount available at retirement less the total benefits paid to the member. All monthly benefit payments end upon the retiree's death.

NOTE:
Once you choose an Option 1 retirement you may not make a change after cashing your first benefit payment.

2. Option 2

The benefit under Option 2 is less than Option 1, but your contingent annuitant will receive the same benefit after your death. Option 2 is an annuity based on the lives of two people. Initially, the member receives the benefit for life, then the same benefit continues to the contingent annuitant for life. To compute your Option 2 benefit, multiply your Option 1 benefit by the Option 2 factor. The factor is based on the age difference between you and your contingent annuitant. See the table on the next page for a list of Option 2 factors. The larger the age difference, the smaller the factor, and the smaller your benefit. For example, your benefit will be much smaller if the age difference is 20 years rather than 1 or 2 years.

3. Option 3

Option 3 is very similar to Option 2. It is also an annuity based on the lives of two people. Initially, the member receives the benefit for life, then **one-half of the benefit** continues to the contingent annuitant for life. Because the contingent annuitant receives half the member's benefit, the member's benefit is larger than the Option 2 benefit. Compute Option 3 the same as Option 2, using Option 3 factors. See the table on the next page for a list of Option 3 factors.

NOTE:
See page 27 for an explanation of the limited circumstances which will allow you to change the Option.

PAYMENT OPTION 2 & 3 FACTORS

Multiply the Option 1 service retirement benefits times the applicable factor for Options 2 or 3.

	AGE DIFFERENCE IN YEARS	FACTORS OPTION 2	FACTORS OPTION 3
Member Older Than Contingent Annuitant	15	0.8109	0.8956
	14	0.8139	0.8974
	13	0.8170	0.8993
	12	0.8202	0.9012
	11	0.8236	0.9032
	10	0.8270	0.9053
	9	0.8304	0.9074
	8	0.8340	0.9095
	7	0.8376	0.9116
	6	0.8414	0.9138
	5	0.8451	0.9161
	4	0.8490	0.9183
	3	0.8529	0.9206
	2	0.8568	0.9229
	1	0.8608	0.9252
	0	0.8649	0.9275
Member Younger than Contingent Annuitant	1	0.8689	0.9299
	2	0.8730	0.9322
	3	0.8771	0.9345
	4	0.8811	0.9368
	5	0.8852	0.9391
	6	0.8892	0.9414
	7	0.8932	0.9436
	8	0.8972	0.9458
	9	0.9011	0.9480
	10	0.9049	0.9501
	11	0.9086	0.9521
	12	0.9123	0.9541
	13	0.9159	0.9561
	14	0.9194	0.9580
	15	0.9228	0.9599

4. Option 4

Option 4 can also provide a continuing benefit to one or more contingent annuitants. As with all options, the member will receive the monthly benefit for life. If the retiree dies before the end of the "certain" or guaranteed period, the contingent annuitant(s) will receive the benefit. Payments to the contingent annuitant(s) will stop when the guaranteed period ends. This benefit has two sub-options.

- **10-year period certain.** You must be **age 75 or younger** when you retire to be eligible for this benefit. This option provides a monthly benefit equal to 97.40% of the Option 1 benefit. **You will receive this benefit for life.** If the member dies within the 10-year period, then the contingent annuitant(s) will receive the same benefit. However, benefit payments to the contingent annuitant(s) will end when the 10-year period ends. The 10-year period begins on the member's effective date of retirement.

  Upon the death of any contingent annuitant, others may be designated without changing the monthly benefit. Contingent annuitant(s) receiving the Option 4 benefit may, in turn, designate their own contingent annuitant(s).

- **20-year period certain.** You must be **age 65 or younger** when you retire to be eligible for this benefit. The monthly benefit will be equal to 91.48% of Option 1 benefit. Other than the length of time, the 10- and 20-year period certain options are the same. The 20-year period begins on the member's effective date of retirement.

NOTE: Under certain circumstances, for Option 4, you may change the contingent annuitant or choose a new option. See the next page for an explanation of the circumstances which will allow for the change.

5. Changes to Options

If you select Options 2, 3, or 4 you may have the right to change your contingent annuitant after retirement or choose a new option if one of the following conditions are met.

- The original contingent annuitant dies.

- The member and the contingent annuitant divorced and the court did not grant the contingent annuitant the right to receive part of the benefit.

The retired member must designate a new contingent annuitant or payment option in writing within 18 months of the death of or divorce from the contingent annuitant. Please contact us to get an estimate of the new benefit and an application form to select a new option.

The following applies to members who retire after October 1, 1999: A retired member receiving an Option 2 or 3 retirement benefit who meets the above requirements may file a written application to have the Option 2 or 3 retirement benefit revert to the higher retirement benefit, Option 1, as was available at the time of the member's retirement. (§ 19-8-801, MCA and ARM 2.43.606)

6. Sample Calculations

Service Retirement

Game Warden Kenny Retire, Age 62
Service Credit ..... 26 years
Final Average Salary (full-time salary) ..... $2,500 per month
Account Balance at Retirement $69,796
Contingent Annuitant's Age 60

Option 1 Formula: 2% x Service Credit (years) x FAS
.02 x 26 x $2,500 = $1,300/month

Under Payment Option 1, Game Warden Kenny will receive a benefit of $1,300 each month for the remainder of his life. Upon his death, monthly benefit payments will cease. If the total benefits paid to Kenny are less than $69,796, the balance will be paid in a lump-sum payment to his designated beneficiary.

Option 2 Formula: Option 1 Amount x Option 2 Factor
$1,300 x .8568 = $1,113.84 per month

If Kenny elects Option 2, he will receive a benefit of $1,113.84 each month for the remainder of his life. Upon his death, the GWPORS will pay the same amount, $1,113.84, to his contingent annuitant for life.

Option 3 Formula: Option 1 Amount x Option 3 Factor
$1,300 x .9229 = $1,199.77

Option 3 will provide Game Warden Kenny a benefit of $1,199.77 each month. Upon Kenny's death, his contingent annuitant will receive, for life, ½ of Kenny's benefit payment, or $599.89 per month.

Option 4 Formulas:

10-Year certain: Option 1 Amount x 0.9740
$1,300 x .9740 = $1,266.20 per month

20-Year certain: Option 1 Amount x 0.9148
$1,300 x .9148 = $1,189.24 per month

If Game Warden Kenny chooses the 10-year certain payment option, he will receive $1,266.20 per month, for life. Should he die before the 10-year period ends, then his contingent annuitant(s) will receive

$1,266.20 per month. The total payment to all contingent annuitants is $1,266.20, not $1,266.20 to each. Payments will continue for the rest of the 10-year period. If Kenny dies after the 10-year period ends, all payments end. His contingent annuitant(s) won't receive any payments.

If Game Warden Kenny chooses the 20-year certain payment option, he will get $1,189.24 per month, for life. Should he die before the end of the 20-year period, the contingent annuitant(s) receive a total of $1,189.24 per month. Payments end when the 20-year period ends. In the event he dies after the 20-year period ends, his contingent annuitant(s) won't receive any payments. The 10- and 20-year periods begin on the effective date of the member's retirement. Factors used for 10- or 20-year periods are always the same.

Early Service Retirement

Wanda Retire, Age (at temination of employment) 45
Service Credit ..... 15 years
Final Average Salary (full-time salary) ..... $1,950 per month
Account Balance at Retirement $36,987
Contingent Annuitant's Age 43

Option 1 Formula (When Wanda applies at age 55.):
.02 x 15 x $1,950 = $585

Note: Early retirement benefit payments may not begin before the member's 55th birthday.

Wanda can receive a retirement benefit of $585 when she reaches the age of 55 years. She will receive this benefit for the remainder of her life. Upon her death, her beneficiaries will receive the balance of her account. The balance is equal to the amount at retirement less all benefits paid to her. We will pay the balance in one lump sum payment.

Note: To calculate Wanda's Option 2, 3 or 4 early retirement benefit: Multiply $585 (Option 1 early retirement benefit) by the same factors used for the service retirement calculation example.

Section IV: Additional Information

1. Death Benefits

Upon your death, if you were receiving an Option 2, 3, or 4 benefit, your contingent annuitant will receive the benefit promised under those Options.

A named beneficiary will receive a death benefit under limited circumstances as explained on the next pages.

Beneficiaries

Members may designate any persons, charitable organization, or trust they wish as their beneficiaries. You must designate your beneficiaries on a GWPORS membership card and give the card to your payroll clerk. The clerk will send the card to us. Whenever you wish, you may name new beneficiaries by sending us a new membership card. If you are an inactive member, call us and we will send you a new card. Beneficiaries are either primary or contingent. Contingent beneficiaries will only receive something if no living primary beneficiary exists. (§ 19-2-801 and 19-2-802, MCA)

Keep your designated beneficiaries current. You may change your beneficiaries only by completing a new membership card.

NOTE:
Advise your beneficiary to contact the PERB for complete details about benefits in the event of your death.

Death Benefit Claim - Active or Inactive Member

Upon receipt of notification of a member's death, we will send a death benefit claim to the designated beneficiary. To make a claim for a death benefit, the beneficiary must return the form to the Board along with written proof of the member's death. A copy of the death certificate is the best document to send.

Account Balance - Retired Member

If you do not retire under Option 2, 3, or 4, and you die before receiving benefits equal to your account (your contributions plus interest), your beneficiary will receive your remaining account balance. Your remaining account balance is your contributions plus interest to date of retirement minus any benefit payments you received. (§ 19-8-1002, MCA)

Death Prior to Retirement

The beneficiary of a member who dies before retirement is entitled to select one of the following options for which the member qualified and the beneficiary qualifies:

- ❑ a lump-sum payment of the member's accumulated contributions; or
- ❑ a monthly survivorship benefit equal to the actuarial equivalent of the early retirement benefit for life; or
- ❑ a survivor's benefit equal to 50% of the member's FAS, if the member died as a direct and proximate result of injuries received in the course of the member's service.

(§ 19-8-1001 and 19-8-1003, MCA)

2. Benefit Increases

The Guaranteed Annual Benefit Adjustment (GABA) will increase your retirement benefit every year **if you are eligible.**

GABA

The GABA insures a **minimum** increase of 1½% over the previous year. Other events which increase your benefit will reduce the amount you get from the GABA. If the other increases are 1½% or more, then you will get no increase from GABA. (§19-8-1105, MCA)

The GABA applies to:

- Service Retirement
- Early Service Retirement
- Disability Retirement
- Survivorship Benefit

It also applies to recipients, other than members, such as contingent annuitants and survivors.

Eligibility for GABA Benefits

You must meet some conditions before you will get a raise under the GABA. First, you must receive your benefit for at least 36 months. For example, if you retired on July 1, 1997, you will meet the 36-month requirement on July 1, 2000. You won't receive your first GABA raise until January 1, 2001, as explained on the next page. Also, you will not receive a GABA increase if you work in a job covered by any other state retirement plan.

Effective Date of GABA Benefits

We will apply the GABA increase to your monthly benefit beginning on January first of each year. It will be in your January benefit payment which we will mail to you on the last working day of January .

NOTE:
If you get your benefit by electronic transfer, the transfer takes place on the last working day of January. However, your bank may not add the transfer to your account until the next working day. With electronic transfer, you receive your money 1 or 2 days sooner than with a paper check through the mail.

3. Taxes on Benefits

Some or all of your retirement benefit will be subject to federal and state income taxes. You must pay taxes on any part of your benefit that was not taxed during your working career. You paid income tax on any money you contributed before July 1, 1985. Also, you paid the tax on any additional contributions you paid to buy service before the year 2000. You have not paid taxes on the money you have contributed since July 1, 1985. Nor have you paid taxes on the interest your account earns. If some of your benefit come from tax-deferred money you must pay taxes on that part.

Tax Statements

Each year we will send you a Distributions Form (Federal Form 1099R). The 1099R is similar to a W-2 Form. We send the form to all people who receive any payment from the GWPORS, not just the members. The 1099R will show the gross taxable amount you received during the past calendar year. This form will also show any state or federal taxes withheld during the year. We base withholding rates on current federal and state tax law.

Tax laws that apply to retirement benefits change frequently. You should contact a tax professional for specific, up-to-date information about state and federal taxes.

Taxes on Refunds

The tax-deferred portion of a retirement lump-sum refund is subject to state and federal taxes. If you receive the refund, the IRS may assess an additional 10% penalty for early withdrawal. We will also withhold 20% for tax purposes if we send the refund directly to you. Taxable amounts for state and federal taxes may be different, because the state does not tax the interest. You may avoid paying the withholding tax by "rolling-over" the taxable part into an IRA or other qualified plan. Rolling over your refund also

allows you to avoid the penalty. If you accept a lump sum payment, IRS rules allow you 60 days to reinvest or roll the refund over into a qualified plan. Be prepared to provide the IRS documentation of this reinvestment or roll-over to avoid paying the 10% penalty.

If you receive the payment, we must withhold federal taxes and the IRS will charge for an early withdrawal. Roll the money over and no money will be withheld for taxes.

Remember, when you receive the refund directly, the IRS requires us to withhold 20% for taxes. The amount withheld may or may not be enough to pay any tax or penalty you may owe. If the IRS assesses a penalty, you must pay it when you file your income taxes. You must provide documents to the IRS of your reinvestment or "roll-over" of your refund, as described above, to avoid payment of the penalty.

You will receive a Distributions Form (Federal Form 1099R). It will list the gross distribution, the taxable part, and any federal or state taxes withheld from the refund. The 1099R is an important document that you must keep for your tax records. We will not send you another 1099R at the end of the year. If you lose your 1099R, you can request a duplicate from us.

4. Assignment of Benefits

In very limited cases, including a Family Law Order (FLO), the court may assign your GWPORS benefits to another person. A FLO must be a judgment, decree or order of a Montana court. It may give all or part of your payment rights to someone else. Courts from other states may also assign your benefit with a Support Obligation. Support Obligations must meet requirements similar to those for a FLO. (§19-2-907 and 19-2-909, MCA)

Your retirement benefit may not be assigned to another person under ERISA, a federal law governing private pension benefits; nor may a Qualified Domestic Relations Order assign your benefits to another person. However, the IRS may place a levy against your benefit for unpaid taxes.

Family Law Order (FLO)

A FLO may require the PERB to pay all or part of your benefit or refund to another person. That person is an alternate payee. A Montana court may issue a FLO for child or parental support, spousal maintenance, or marital property rights. The FLO may require that you pay an alternate payee a set sum or percentage of your benefit. For example, the FLO may require you to pay $500 per month until you pay a set sum of $12,000. Or, the FLO may require you to pay 50% of your monthly benefit for as long as you get a benefit. The FLO may also require you to choose a specific option, contingent annuitant, or beneficiary.

A FLO may not require the PERB to pay a type of benefit unless that benefit is available to you. Nor can a FLO require an amount or length of payment greater than payable to you. This means a FLO cannot require the PERB to make any payments before you retire or take a refund. Also, it may not require payments that are more than the amount the PERB may pay you. (§ 19-2-907 and 19-2-909 MCA)

5. For More Information

If you want an estimate of your benefit, or a cost statement for buying service, please contact us in writing. Any estimates you get from any other source may be wrong. The PERB is not responsible for any information from other sources. You must contact us for application forms if you are considering service or disability retirement. You should instruct your beneficiaries to contact us in the event of your death. When you write to the Board, please include your full name, printed and signed, your Social Security number, and your return address and daytime telephone number. Address your correspondence to:

Public Employees' Retirement Board
1712 9th Avenue
PO Box 200131
Helena MT 59620-0131

Or, send your questions or comments to our e-mail address:
perb@state.mt.us

For updated information on the PERB and to view publications on-line, visit our web site at:
http://www.state.mt.us/doa/perb/perb.htm

We invite you to call or visit the PERB in Helena. Our office hours are Monday through Friday, 8:00 a.m. to 5:00 p.m, except on designated state holidays. You don't need an appointment for general questions; however, to discuss benefit estimates or cost statements, you should make an appointment at least 7 days in advance. Phone our office at 406-444-3154 or toll free, 877-275-7372. If our phone lines are busy when you call, you may have to leave a voice mail message. Be sure to leave your name, telephone number, and Social Security number first, then a brief message.

NOTE: To avoid confusion, you should put in writing any questions requesting **specific details** about retirement options or service credit. We will give you a **specific written response.**

GLOSSARY OF TERMS

ACTIVE MEMBER - a member in a GWPORS-covered job, making the required contributions, and properly reported for the most current reporting period.

ACTUARIAL COST - the amount determined by the Board in a uniform and nondiscriminatory manner to represent the present value of the benefits to be derived from the additional service to be credited based on the most recent actuarial valuation for the system and the age, years until retirement, and current salary of the member.

ADDITIONAL CONTRIBUTIONS - a member's payments to purchase various types of optional service credit under an installment contract.

BENEFIT - a service or disability retirement or survivorship provided by the GWPORS.

CONTINGENT ANNUITANT - a person the retired member names to receive a continuing benefit after the member's death.

CREDITED SERVICE or SERVICE CREDIT - the periods in which you contribute the required money to the GWPORS. The PERB uses service credit to calculate the amount of your benefit. If you work 160 hours or more in any month, you get 1 month of service credit. If you work less than 160 hours, you will receive credit for a partial month. For example, if you work 80 hours, you receive ½ of a month of service credit.

DESIGNATED BENEFICIARY - the person a member names to receive any survivorship benefits or lump-sum payments upon the member's death. Designated beneficiaries are either primary or contingent.

DISABILITY - total physical or mental incapacity of a member to do the essential functions of the member's job. You must become disabled while an active member, and it must be permanent or of an extended or uncertain period.

EMPLOYEE - a person employed by a GWPORS employer in any capacity and the employer pays the person's salary.

EMPLOYER - the state, its university system, or political subdivisions that contract with the Board to cover their employees under the GWPORS.

FAMILY LAW ORDER (FLO) - an order from a Montana court that may assign all or part of a participant's payment.

FINAL AVERAGE SALARY (FAS) - the member's average monthly compensation received for any 3 years of continuous service. Lump-sum payments for severance pay, sick leave, and annual leave may not be added to a single month's pay. Your FAS may include termination payments, but only if they replace regular pay on a month for month basis.

GAME WARDEN - a state fish and game warden hired by the department of fish, wildlife, and parks; includes all warden supervisory personnel whose salaries are paid out of that department.

INACTIVE MEMBER - a member who ends GWPORS-covered employment and does not withdraw his or her GWPORS account.

IRA - an individual retirement account.

LUMP-SUM PAYMENTS - amounts, which may include interest, that are payable instead of monthly benefits.

MEMBER - any person with contributions and service on account with the GWPORS. Persons receiving retirement benefits based on previous service credit are also members.

MEMBERSHIP SERVICE or YEARS OF SERVICE - the periods of service used to decide vesting and eligibility for retirement or other benefits. You get 1 month credit for any month you contribute to the GWPORS. Even if you only work one day during that month. If you contribute anything, you get credit for the whole month.

MOTOR CARRIER OFFICER - an employee of the department of transportation appointed as a peace officer.

PART-TIME EMPLOYMENT - any month during which the employer pays the member for less than 160 hours.

PARTICIPANT - a member, beneficiary, survivor, or contingent annuitant who is receiving, or may receive, a benefit or payment from the GWPORS.

PEACE OFFICER or STATE PEACE OFFICER - a person who by virtue of the person's employment with the state is vested by law with a duty to maintain public order or make arrests for offenses while acting within the scope of the person's authority or who is charged with specific law enforcement responsibilities on behalf of the state.

REFUND - a withdrawal of all the money in a member's GWPORS account. By taking a refund, the member gives up all rights to any other benefits from the GWPORS.

REGULAR CONTRIBUTIONS - the payments an active member must make to the GWPORS. The payments are a percentage of the member's monthly pay and are tax-deferred.

REGULAR INTEREST - the payments made to a member's account at rates set by the Board. This interest is tax-deferred. Also, the amount charged to buy service on a monthly payment plan. These rates may not be the same.

RETIREMENT BENEFIT - the monthly payment to a member, for life, following service or disability retirement.

RETIREMENT or RETIRED - a person who has terminated active service, applied for the benefits provided by the GWPORS, and received at least one benefit payment.

SERVICE - employment of an employee in a position covered by a retirement system.

SURVIVORSHIP BENEFIT - monthly payments for life to the beneficiary of a vested member who died while an active member.

VESTED MEMBER or VESTED - the status of a member with at least 5 years of membership service. A vested member is entitled to retirement when they meet the minimum service or age provision.

Alternate Accessible Format

The PERB will provide alternative accessible formats of this document upon request. Persons with disabilities, who need an alternative accessible format of this information, should contact us.

Write to:

Attn: Lucie Willson
Public Employees' Retirement Board
PO Box 200131
Helena, MT 59620-0131

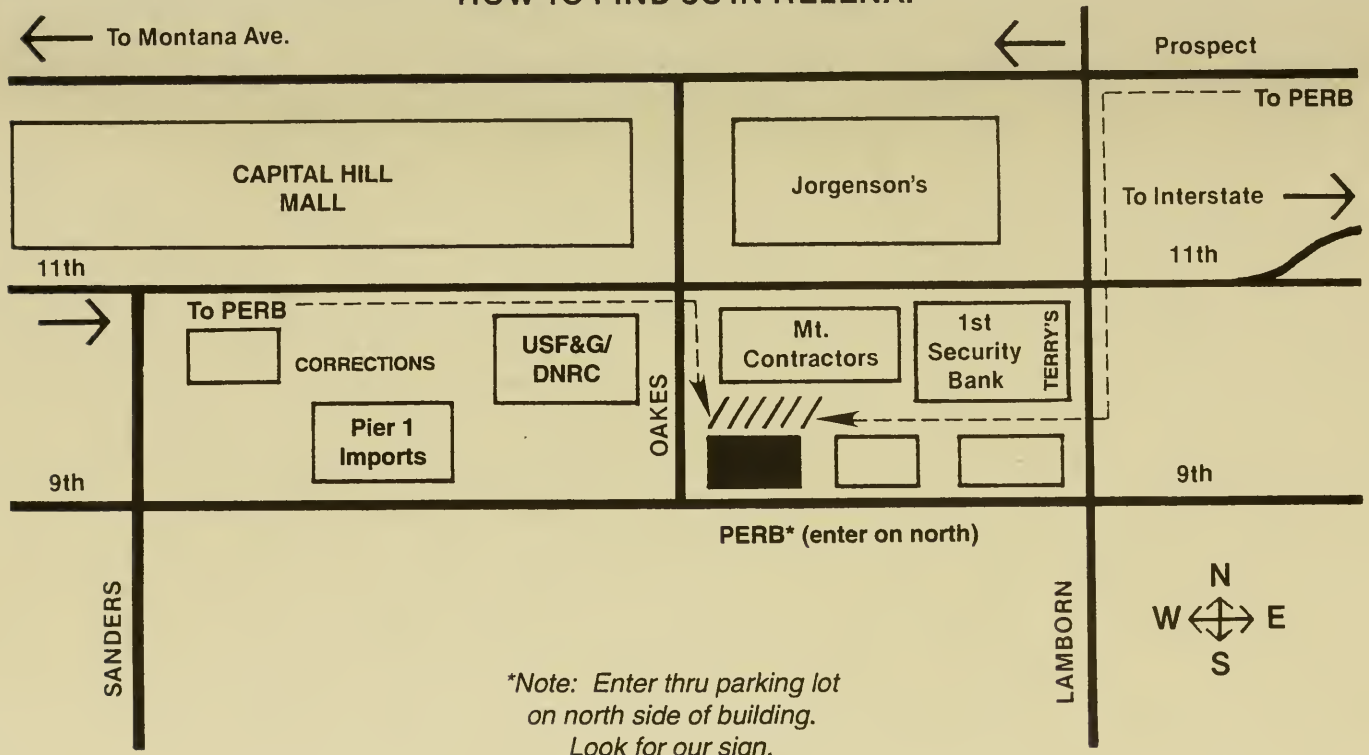
You may contact the PERB at:

Telephone: 406-444-3154
Toll Free: 877-275-7372
Fax: 406-444-5428
e-mail: perb@state.mt.us

For more information, contact:

Department of Administration
Personnel Service Section
Phone: 406-444-3871
TDD no. 406-444-1421.

HOW TO FIND US IN HELENA:



Note: Enter thru parking lot on north side of building. Look for our sign.